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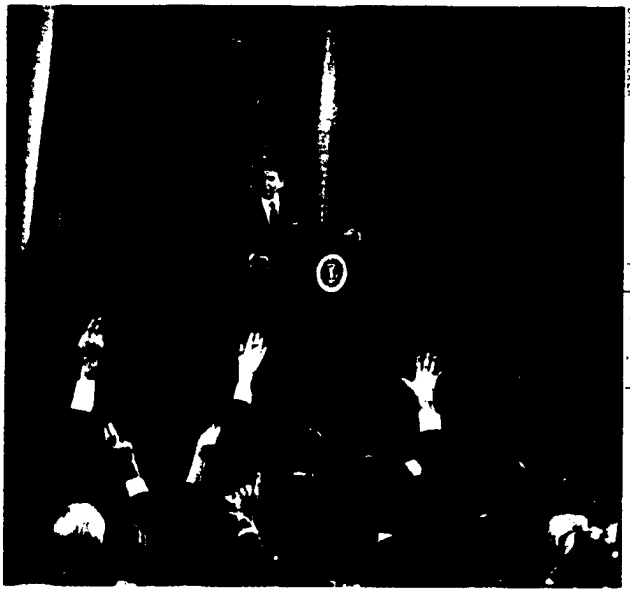
The Tower of Babel

From the Iran arms deals: much talk but little coherence

The President's image had barely faded from the TV screens when he admitted that he had been wrong on one important point. Three times during his Wednesday-night news conference Ronald Reagan had denied approving arms shipments by any other country to Iran, even after reporters reminded him that his staff had revealed that the U.S. had condoned at least one such shipment, by Israel in August 1985. Yet almost as soon as the President was off-camera, aides told him he had erred. Within 15 minutes the White House press office rushed out a statement in Reagan's name contending lamely, "There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran."

The snafu was symbolic as well as substantive: it showed an Administration floundering and failing in its attempts to restore its credibility. In their efforts to explain and justify the secret U.S. sales of weapons and spare parts to Iran—which shattered the entire foundation of the Administration's fervent public efforts to take a strong stand against terrorism—Reagan and his aides last week seemed only to be erecting a Tower of Babel abuzz with conflicting and contradictory voices. Presidential confidants past and present got into a public squabble: former National Security Adviser Robert McFarlane, one of the architects of the President's Iranian policy, called the arms transfers a "mistake," and was promptly accused by Chief of Staff Donald Regan of giving "lousy advice." The President and his Secretary of State, George Shultz, apparently unwilling to settle anything face to face, took to exchanging messages by way of television. And by the end of th[illegible] week an ABC News poll showed not on[illegible] that 59% of the public disbelieved Re[illegible] gan's answers but that his overall approv[illegible] rating had fallen 10 points in the past tw[illegible] months, to 57%, the lowest since May 198[illegible] in the wake of his visit to West Germany's Bitburg Cemetery.

Joining the fray from Iran, the Ayatullah Ruhollah Khomeini appeared to squelch one of Reagan's last chances to salvage something from the wreckage of his secret initiative to Tehran. Though Reagan announced at his news conference that there would be no more arms deliveries, he expressed a rather wan hope that the U.S. could stay in sympathetic touch with so-called moderates in Khomeini's government. That, the 86-year-old Ayatullah quickly made clear, would happen only over his dead body. Speaking with his old-time pungency, Khomeini implied that those Iranians who had been dealing with the "Black House" were "Satan-oriented," and cried, "May God get rid of the insurgents in this country!"



DIANA WALKER

Reagan surveys skeptical reporters at his news conference

"The responsibility is mine and mine alone."

Closed-door briefings of the Senate and House intelligence committees by Administration officials on Friday did little to allay congressional skepticism about the White House policy toward Iran. "I [illegible]t believe what I heard, and I don't," [illegible] New York Democratic Senator Daniel Moynihan after a briefing by CIA Director William Casey. "It's hard to believe [illegible] such things are planned."

One briefing, in fact, led to an additional accusation against the Administration. On Thursday, Representative Jim Wright, who will become Speaker when the newly elected Congress meets, went to the White House to hear from National Security Adviser John Poindexter. Afterward the Texas Democrat told reporters that Iran had purchased 2,008 TOW antitank missiles and 235 "battery assemblies" for Hawk antiaircraft missiles from the U.S.; he later put the price at $12 million. The number of TOWs would be double the figure cited by a reporter at Reagan's news conference and not corrected by the President. The disclosure also undercut Reagan's contention that the weapons sent by the U.S. were purely defensive; contrary to the President's press-conference assertions, the antitank missiles are too large to be fired from the shoulder and can obviously be used in an offensive campaign.

The next morning, after a briefing by Casey and other Administration officials, Wright amplified his charge. He said that "other countries" besides Israel, or at least "citizens of other countries," had been shipping arms to Iran "with the complicity of the United States." If the briefers in fact said something like that, it would be difficult to reconcile with Reagan's post-news-conference statement that "any other shipments by third countries were not authorized by the U.S. Government."

The White House decision to schedule a full-scale news conference, Reagan's first in three months, in the midst of the furor over Iran reflected the President's own confidence. He showed not the slightest doubt about his decisions to begin secret diplomatic contacts with Iran and to back them up with arms sales, and he appeared to feel as certain as ever that he could explain things to his public critics. At his routine "prebrief," during which aides playing reporters fire questions that the real journalists might later ask, Reagan responded to some with breezy quips.

Once the cameras rolled, the President's demeanor was appropriately somber. Though he claimed that all the aides who knew about the secret diplomatic contacts with Iranian officials approved of them, he acknowledged in his opening statement that "several top advisers opposed the sale of even a modest shipment

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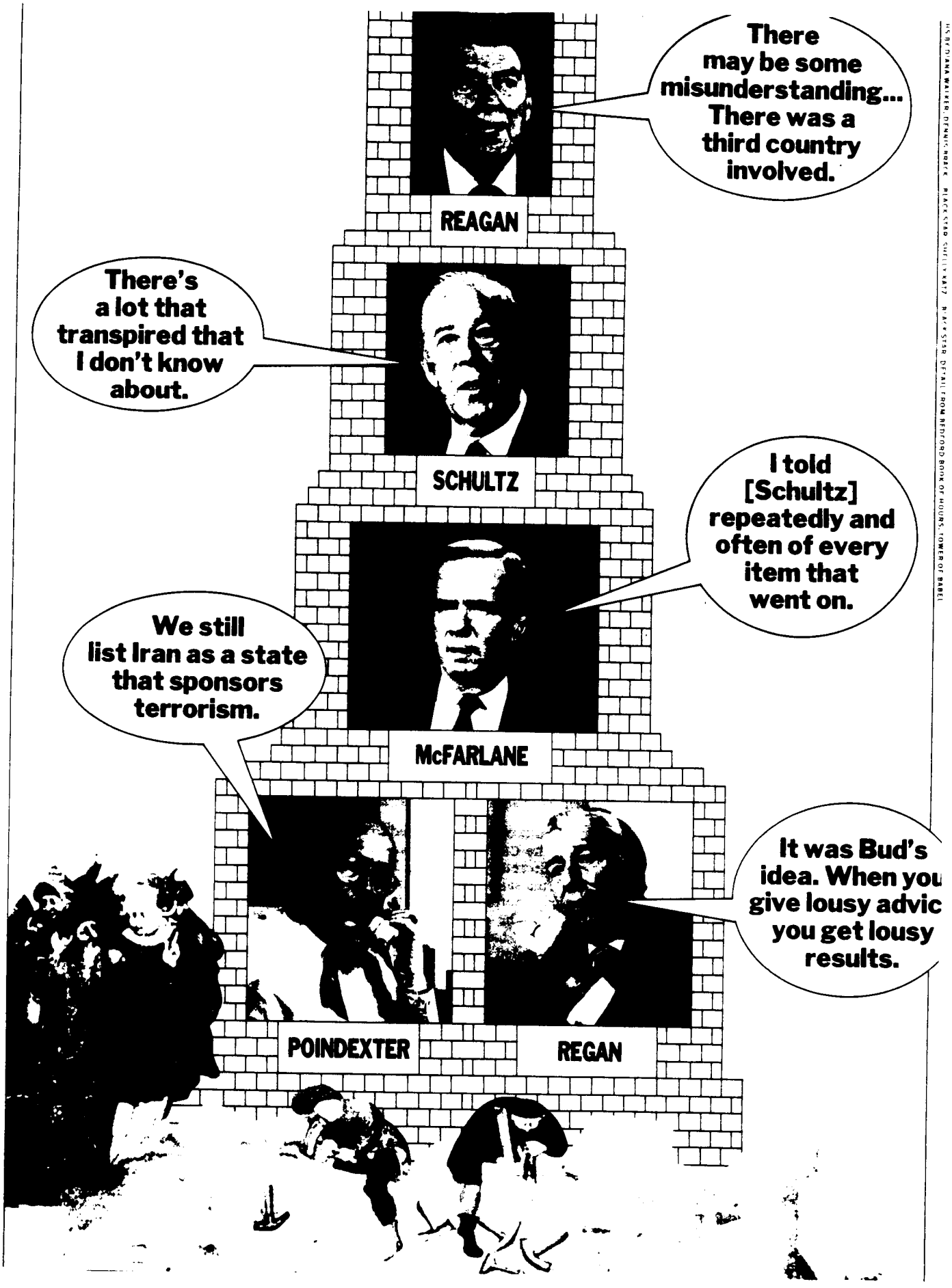

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of defensive weapons and spare parts to Iran." He had weighed their advice and rejected it, said Reagan. "The responsibility for the decision and the operation is mine and mine alone . . . I was convinced then and I am convinced now that while the risks were great, so too was the potential reward."

But then reporters, using words like "duplicity" and "deception," peppered the President with the most skeptical—at times downright hostile—questions he has had to face since taking office. His answers were at best unconvincing, at worst contradictory of what other Government officials had said, and sometimes self-contradictory. Some samples:

▸ The President denied again that he had been trading arms for American hostages held in Lebanon by Muslim zealots influenced by Iran. The purpose of the shipments, he said, had been to give "more prestige and muscle" to factions in Iran that might eventually be able to wean that strategically vital nation away from its bitter anti-Americanism. A few moments before, however, Reagan had conceded, "I said to them that there was something they could do to show their sincerity . . . they could begin by releasing our hostages."

▸ Reagan cited the freeing of three American hostages in Lebanon as evidence that Iran is lessening its support of terrorism. But Poindexter had pointed out, and so did the President, that the Administration still keeps Iran on an official list of nations that sponsor terrorism. Shultz had gone further, citing the kidnaping of three additional Americans in Lebanon since Sept. 9 to indicate that Iran still promotes terrorist acts.

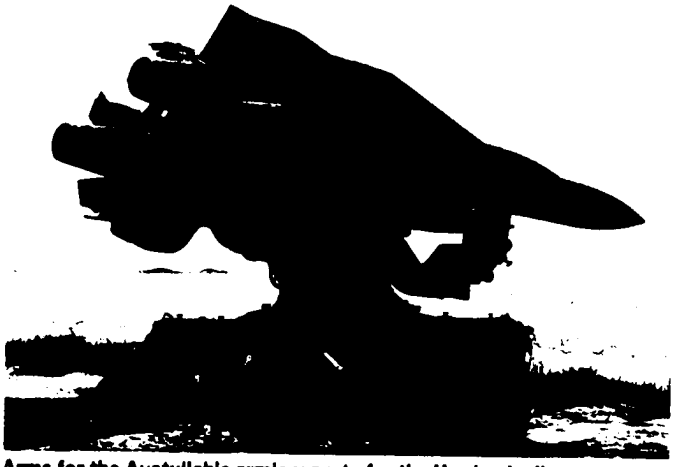
▸ The President was especially confusing on the question of how the U.S. could urge other nations not to ship arms to Iran when it had violated its own proclaimed embargo. "The embargo still stays, now and for the future," said the President; he had authorized only "isolated and limited exceptions" that he believed to be in the U.S. national interest. But, asked a reporter, "why shouldn't other nations ship weapons to Iran when they think it's in their interests?" Reagan's weak reply: "Well, I would like to see the indication as to how it could be in their interest."

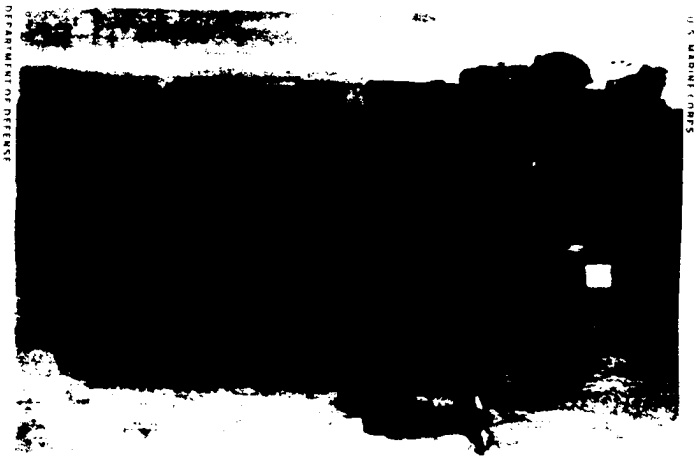
▸ On one point, Reagan was unequivocal. "To eliminate the widespread but mistaken perception that we have been exchanging arms for hostages," said the President, "I have directed that no further sales of arms of any kind be sent to Iran." But he apparently made that flat statement only as the price of quelling an open rebellion by his Secretary of State. Shultz had been claiming that he had been only "sporadically informed" about the Iran policy, although he in fact attended two full briefings on the topic, and he is known to have protested the arms sales. On Saturday, Nov. 15, Shultz attended a meeting with Reagan and the President's other advisers at Camp David, and he urged Reagan to make a public statement calling a halt to the arms sales. The President at that point would not do so.

Having failed to persuade his boss in person, Shultz on Sunday turned to television. On the CBS program *Face the Nation*, the Secretary publicly advocated a halt to arms sales, but when asked if he had been authorized to speak for the Administration, he replied bluntly, "No." Asked if he had discussed resigning, Shultz responded with calculated ambiguity, "I serve at [the President's] pleasure, and anything that I have to say on that subject I just say to him." On Monday he increased the pressure, telling reporters after a speech in Chicago that even appearing to trade arms for hostages only encouraged terrorists to kidnap more Americans.

Boxed in, Reagan made the flat statement Shultz had wanted and accompanied it with a kind of come-home-all-is-forgiven message. The President denied that Shultz had ever discussed resigning with him. In fact, said Reagan, "he has made it plain that he will stay as long as I want him—and I want him." Most probably Shultz never did make an explicit threat to resign—but then he did not have to. The President could ill afford to have it said that his Iranian policy had driven his highly respected Secretary of State out of the Administration.

Shultz's return to the fold, however, was balanced by a highly damaging defection. As National Security Adviser, Robert ("Bud") McFarlane had begun the secret diplomatic contacts with Iran, and pursued them on the President's behalf even after his resignation last December. In May he flew into Tehran on a secret mission—nestling, he now admits, among crates of weapons. Yet McFarlane told the Washington *Post* in an interview published Thursday, "I think it was a mistake to introduce any element of arms transfers into it." Indeed, the *Post* account had him advising Reagan in a bedside conference at Bethesda Naval Hospital in July 1985, when the President was recuperating from colon surgery, that it would be "wrong and unwise" to accept an Israeli suggestion that arms be traded for hostages. Reagan reportedly agreed.





Arms for the Ayatullah's armies: parts for the Hawk missile system, left, and 2,008 TOW antitank missiles, used here by U.S. Marines

The weapons shipments, said the President, might help wean Iran from its bitter anti-Americanism.

To the White House staff, it looked as if McFarlane was trying to weasel out of responsibility for a policy that backfired. Chief of Staff Regan sniped, "Let's not forget whose idea this was. It was Bud's idea. When you give lousy advice, you get lousy results." McFarlane then issued a statement conceding in effect that he had eventually gone along with the arms sales in the belief that they were needed "to strengthen reform-oriented Iranians," but that the public saw them as part of a swap for hostages. Said McFarlane: "As a senior adviser to the President, I should have anticipated this potential outcome. The failure to do so represents a serious error in judgment."

The finger-pointing and disarray in the President's inner circle only worsened the damage already done to the U.S. image abroad. European allies who felt betrayed by what they saw as U.S. violation of the principles Washington urges on them—no negotiations with terrorists, no arms sales to Iran—were not mollified by Reagan's many explanations. In Bonn,

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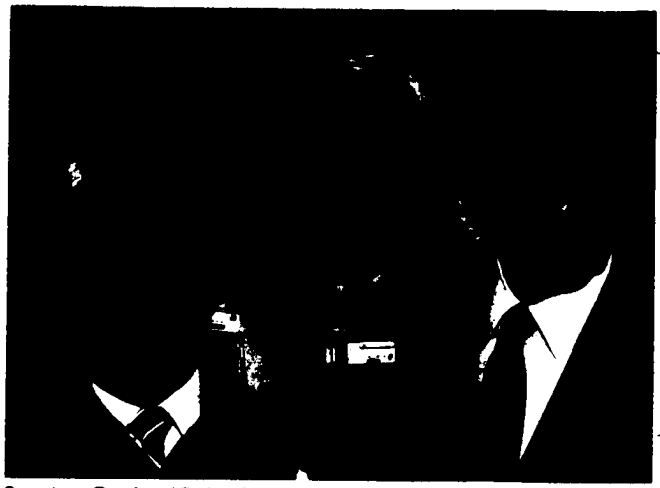
one official noted. "The Americans are still trying to stop such exports, and now we see what they do." In Britain, Prime Minister Margaret Thatcher, loyally backing the White House, heard shouts of "Reagan's poodle!" from Labor backbenchers. Her own Conservative Party went along with her support of the President only with the greatest reluctance. Said a senior Tory: "Let's face the fact that President Reagan seems to have lost all sense of reality by trying to buy the freedom of a handful of hostages at the cost of America's standing throughout the Middle East. We are all going to pay a heavy price." In Italy, newspapers printed accounts of heavy arms shipments to Iran, prompting questions in Parliament as to why the government had failed to enforce its embargo on such sales. Though the squabble was primarily domestic—most of the weapons were supposedly sold by Italian arms merchants—the U.S. came under suspicion too. Rino Formica, Minister of Foreign Trade, grumbled in a newspaper interview that "when one talks of arms sales, one needs also to mention the NATO bases in Italy. We can't control the arms that enter our country directly from these bases. We aren't informed . . . And therefore we don't control either the arms leaving them or their destinations."



DENNIS BRACK—BLACK STAR

Senators Byrd and Dole after a session in the White House

Closed-door briefings did little to allay doubts.

In Congress, the loudest uproar concerns whether the President violated Section 501 of the National Security Act. Under amendments passed in 1980, the section requires the President to keep the House and Senate intelligence committees "fully and currently informed" of all U.S. intelligence activities. In the case of covert operations, the law requires "prior notice". It permits delay in notifying the full committees "if the President determines it is essential . . . to meet extraordinary circumstances affecting vital interests of the U.S." But when a President invokes this provision, he must still give prior notice to eight top congressional leaders. Then he has to inform all 34 members of the committees "in a timely fashion."

In the view of most Democrats, the President blatantly flouted these provisions. While the law does not define "timely fashion," the Democrats insist, that phrase cannot be stretched to cover a period as long as the 18 months of secret negotiations with the Iranians. Senate Democratic Leader Robert Byrd of West Virginia contends that the permitted delay "might be 18 hours, but not 18 months." Anyway, the Democrats claim, Section 501 demands that prior notice be given at least to the eight senior leaders no matter what. Says Congressman Wright: "The law is not ambiguous." Even some

Israeli Connection

Since the creation of the Jewish state in 1948, the Israelis have tried to cultivate relations with non-Arab nations in the Middle East, such as Turkey and Iran. While the Shah was in power, Israel openly supplied arms to the Iranian military. But Israeli intelligence also cultivated ties with Iranian army officials after the 1979 revolution. In order to keep the relationship strong, then Israeli Prime Minister Menachem Begin shipped weapons and ammunition to Tehran in early 1980.

The pipeline was evidently closed after Americans were seized at the U.S. embassy in Tehran in 1980 but resumed once the captives were released. When George Shultz became Secretary of State in 1982, he insisted that Israel comply with the official ban on the sale of U.S. weapons to Iran. Meanwhile, some of Israel's key contacts in Iran were executed.

In early 1985 Adnan Khashoggi, a wealthy Saudi businessman, entered the picture. Khashoggi fostered ties to two Israeli arms merchants: Yaacov Nimrodi, a former army colonel and longtime Israeli military attaché in Tehran during the Shah's reign; and Al Schwimmer, the founding president of Israel Aircraft Industries and a close friend of then Israeli Prime Minister Shimon Peres. He brought them together with Manucher Ghorbanifar, an Iranian arms dealer who was close to Iran's Prime Minister. According to the New York *Times*, the four met in London, where Ghorbanifar proposed that the Israelis ship TOW antitank missiles and Hawk antiaircraft missiles to Iran as a sign of good faith. They also discussed the idea of trading weapons for hostages.

ZOOM 77—GAMMA/LIAISON

Shimon Peres

Former National Security Adviser Robert McFarlane, the Washington *Post* reported last week, met in July 1985 with David Kimche, then director general of Israel's Foreign Ministry. Kimche informed him that Iran was prepared to improve relations with the U.S. and help win the release of American hostages in Lebanon on one condition: if the Reagan Administration provided Iran with a "good faith" shipment of weapons. In September McFarlane told Kimche that Reagan opposed any arms-for-hostages deal, but some U.S. officials assert the NSC chief did not object explicitly to Israel's supplying Iran on its own. Israel delivered a planeload of arms to Iran that month; just days later, Hostage Benjamin Weir was released.

Early in 1986, according to the *Post*, after McFarlane left the Administration, he and NSC Staffer Oliver North flew to London to meet Kimche. They were joined by Nimrodi and Ghorbanifar. The London meeting purportedly ended in a stalemate after the Americans demanded the hostages be released before any more arms were shipped to Iran. Nevertheless, last spring NSC's new chief, John Poindexter, instructed McFarlane and North to fly first to Israel, where they boarded a plane carrying U.S. weapons, and then to Iran.

For Israel, an Iraqi victory in the six-year-old war would be the worst possible outcome; Iraq has supplied frontline troops to three Arab-Israeli wars and provided shelter and support for terrorists such as Abu Nidal and Abul Abbas. A continued stalemate would be best of all: it simultaneously weakens the frontline Arab states, deflects Arab attention from Israel and checks the expansion of Iranian-inspired Islamic fanaticism. But an outright Iranian victory could prove a mixed blessing. Moreover, just as the Tehran arms deal has backfired on the Reagan Administration, it might also turn out to be detrimental to Israel, for some of the weapons could be channeled to Shi'ite Muslim soldiers fighting Israeli troops in Lebanon.

Republicans agreed. Said Indiana's Richard Lugar, outgoing chairman of the Senate Foreign Relations Committee: "I suspect the President does not understand the law."

There is little Congress can do about it now. But some members hope to prevent future disputes by making the law's reference to a "timely fashion" more specific. There is talk of reducing the number of legislators the President will be required to inform on sensitive initiatives. The problem, however, is less with the law than with this—or any—President's willingness to abide by its spirit. Said Senate Intelligence Committee Chairman David Durenberger, a Minnesota Republican, of Reagan and his aides: "Whether they broke the law or not, they intended not to inform the American public and Congress."

Lawmakers of both parties are bitterly critical of the role of the National Security Council staff in taking over covert operations, like the arms sales to Iran, and running them without the advice or knowledge of Congress, or even most of the Executive Branch. The arms transfers were so secret that some top Administration officials are still hearing significant details for the first time: Donald Regan learned only last week about an Israeli arms shipment to Iran in November 1985 that the U.S. had condoned. Oklahoma Democrat David Boren, who will take over chairmanship of the Senate Intelligence Committee when the next Congress convenes in January, pledges a "careful and thorough study of the NSC" aimed at returning it to its original role as a body that coordinates advice reaching the President. Some Administration officials think that Reagan will undertake a housecleaning of the NSC on his own. There is speculation that Poindexter may be made a scapegoat and forced to resign.

In Washington, it is common wisdom never to underestimate Reagan, who has defused many past crises. But this one seems different: for the first time, the public is showing a tendency not to believe the President, and the Democrats, who will shortly control both houses of Congress, sense that Reagan may at last be vulnerable to a broad-ranging attack. How can he fend it off?

Senator Durenberger has two pieces of advice: "It is terribly important that the President begin anew his policy with regard to the Middle East and Iran. It is also very important that this particular President begin anew his relationship with the Congress." Robert Dole, the Republican leader, suggests that Reagan should simply concede he made a mistake. Those suggestions, however, assume that Reagan is ready to admit that the arms sales to Iran were a blunder. And the President so far is one of the few people left in Washington who will not concede any such thing. —*By George J. Church. Reported by Johanna McGeary and Barrett Seaman/Washington, with other bureaus*

The "De Facto President"

As Administration aides scrambled last week to deflect blame for the Iranian arms fiasco away from themselves, a good number of fingers were pointed directly at Ronald Reagan's increasingly visible and often imperious chief of staff. More than ever Donald Regan, 67, seems to be out front these days, projecting an aura that at times makes him seem both commanding and condescending. With a self-confidence burnished by nine years as the chief of Merrill Lynch, he has set up a hierarchical structure that puts him alone atop the upward flow of information. Combined with Reagan's inclination to rely on his staff to sort out options, Regan's management style has earned him a reputation as the most powerful presidential adviser since Sherman Adams ran the White House under Dwight Eisenhower.

This makes Regan a lightning rod for criticism of the Administration when problems erupt. Resting his case on Iran, the Daniloff deal and Reagan's murky conduct at the Iceland summit, conservative Columnist George Will wrote last week: "The aides in close contact with President Reagan today are the least distinguished such group to serve any President in the postwar period." Regan dismisses such sweeping criticisms. But he does bristle at unfavorable comparisons between his White House (and he often sounds as if he believes it is "his" White House) and that managed by his predecessor, James Baker. Regan firmly believes that the pyramid of command he has established is more efficient and less susceptible to discord than the often uneasy troika that Baker formed with Edwin Meese and Michael Deaver.

DIANA WALKER

A somber Regan in his White House office

Regan, never self-effacing, spouts his mind with a mixture of candor and clumsiness. He seems convinced that it is his penchant for essaying pointed jokes, nothing more, that gets him in trouble. He even says that his blast at Robert McFarlane last week for giving "lousy advice" was meant as a "throwaway line." Says he: "I'm going to have to stop being witty."

Almost all the White House problems lately are in the foreign policy field, where Regan has little expertise and claims the least influence. Although he helped hasten McFarlane's departure by trying to make the National Security Adviser more accountable to him, Regan stresses that the post is independent of the chief of staff. "I don't have foreign policy under me," Regan protests. Such claims hardly ring true to most in Washington. Says one first-term Reagan staff alumnus: "It's clear that Regan's calling the shots. He's the de facto National Security Adviser, the de facto legislative strategist . . . the de facto President."

Regan insists that necessity, not overreaching, forced him to become a spokesman on foreign policy, which gives the impression that he is running the show. "In foreign policy there are very few voices. It's no secret that John Poindexter didn't like to go on camera or speak on the record . . . This is where it becomes apparent to those on the outside that I'm up to my elbows in foreign policy, because I become one of the few who know the full story."

Indeed, that is part of the deeper problem. Because he has limited the number of people who know the full story, and because there are now "very few voices" offering advice, Regan's system lacks the checks and balances that might come from a less efficient operation. And Regan should know from his days on Wall Street that the only real measure of management style is the bottom line. —*By Barrett Seaman*